GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:149
ANSWERED ON:01.12.2006
LOAN TO BPL FAMILIES
Murmu Shri Hemlal

Will the Minister of FINANCE be pleased to state:

(a) whether a comprehensive review of performance of the banks has been undertaken recently;

(b) if so, the outcome thereof;

(c) whether the beneficiaries under various rural development programmes including the Below Poverty Line (BPL) families are being deprived of loan facilities in various States in the country;

(d) if so, the reasons therefor; and

(e) the remedial steps taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.149 FOR 1ST DECEMBER 2006 REGARDING LOAN TO BPL FAMILIES TABLED BY SHRI HEMLAL MURMU

(a)&(b): The performance of Public Sector Banks (PSBs) for the half year ending 30th September, 2006 was reviewed in the meeting with their Chief Executives held on 6.11.2006. In view of the continued high growth of bank credit, PSBs have been advised to focus on deposit growth and re-balance their portfolios to ensure that adequate credit is available to the productive sectors of the economy.

(c)&(d): The Government of India is implementing schemes for providing loans to various sections of the society living below poverty line (BPL) including Swarnajayanti Gram Swarojgar Yojana (SGSY), Prime Minister Rojgar Yojana (PMRY), etc. As per information furnished by RBI, the public and private sector banks disbursed loans amounting to Rs.1,125 crore under SGSY and Rs.1,536 crore under PMRY during the year 2005-06. Further, SHGs have been Credit-Linked in the country with a total financial assistance of Rs.11,398 crore upto 31st March. 2006. However, studies conducted by RBI have indicated that there have been some instances of delay in disbursement of credit by the banks due to various reasons including inadequate number of applications received by the banks, bunching of applications towards the end of the financial year, non-receipt / delay in receipt of subsidy, lack of coordination among implementing agencies, non completion of formalities by applicants, deficient applications, delay in creation of assets by the borrowers, etc.

(e): Government / RBI have taken various steps for expeditious sanctioning and disbursement of credit under these schemes which, inter-alia, include monitoring the performance of domestic scheduled commercial banks on a regular basis, requesting States to be proactive in implementing the schemes, treating the advances sanctioned under SGSY as priority sector advances, prescribing time limit for prompt disposal of loan applications, requiring vesting of adequate sanctioning powers with the branch manager, etc.